

PROMISSORY NOTE TO HAAGEN-BURBANK PARTNERSHIP

PURCHASE MONEY NOTE

\$ 33,000,000.00

December 6, 1990

Burbank, California

FOR VALUE RECEIVED, the undersigned ("**Buyer**"), having its office at 275 East Olive Avenue, Burbank, California 91510, hereby promises to pay to Haagen-Burbank Partnership, a California general partnership ("**Seller**") or order, a principal sum of Thirty-Three Million Dollars (\$ 33,000,000.00), as provided in that certain First Implementation Agreement dated December 6, 1990 ("**Agreement**") by and between Seller and Buyer. Buyer's monetary obligation is subject to the terms of the Agreement and this Note. The Agreement is of public record on file in the offices of the Buyer, and the provisions of the Agreement are incorporated herein by this reference. Buyer shall pay interest at the rates, in the amounts and at the times hereinafter provided. Except as otherwise set forth, all quoted and capitalized terms used herein shall have the meaning set forth for the same in the Agreement.

1. This Note evidences the obligation of Buyer to Seller for the repayment of the aforesaid amounts ("**Loan**"), on account of the purchase price for the "**Bullock's Store**" pursuant to Section 3.2 of the Agreement.

2. This Note and the Loan are secured by and the installment payments under paragraph 4 hereof shall be equal to the sum of (a) eighty percent (80%) of the "**Bullock's Increment**"; (b) ten percent (10%) of the "**Project Increment**"; and (c) one hundred percent (100%) of that portion of the taxes collected by the "**City**" and/or Buyer from the imposition of the Bradley Burns Uniform Local Sales and Use Tax Law commencing with Section 7200 of the Revenue and Taxation Code of the State of California, as amended, arising from all businesses and activities conducted in the Bullock's Store and the "**Mall Expansion**" from time to time which are subject to such Sales and Use Tax Law. In the event that, after paying the amounts described in clauses (a), (b) and (c), the amount of any installment is not paid in full by Buyer due to the insufficiency of funds from the secured sources described in clauses (a), (b) and (c) (such insufficiency being referred to as the "**Shortfall**"), the Shortfall shall be added to principal



sum due hereunder and shall bear interest at the Applicable Rate (as defined in Section 3 hereof) until paid, and the inability of Buyer to pay the remainder of such installment after paying the amounts described in clauses (a), (b) and (c) above shall not constitute a default by Buyer under this Note. In the event that, after paying any installment in full, the amounts described in clauses (a), (b) and (c) are not exhausted, the balance of such amounts shall first be applied to repay the Shortfall, if any, from prior installments, plus interest thereon. Any unpaid balance of this Note (i.e., unpaid principal and/or accrued interest) as of February 1, 2016 (except to the extent caused by Buyer's default under the Agreement or this Note) shall be forgiven. The Loan shall be junior and subordinate to the "Phase 2 Loan", the "Off-Sites Loan" and the 1990 Series "A" bonds with respect to the Project Increment and the Bullock's Increment.

3. Interest on the Loan shall be computed thereon at the rate of interest in effect from time to time under Seller's primary construction or permanent loan on the "Phase 1 Regional Center", as such loan may be modified or refinanced, but not more than the maximum legal rate ("Applicable Rate"), compounded monthly (but not to exceed the legal limit on an annualized basis); provided, however, that if such loan is a participating mortgage, the lender's projected internal rate of return (but not more than the maximum legal rate) shall be the Applicable Rate; provided, however that in the event of a foreclosure by a lender, the Applicable Rate shall be deemed to continue as though the financing in question was still in effect.

4. The Loan shall be repaid in semi-annual installments of principal and interest, compounded monthly, in the amount set forth in Paragraph 2 hereof, on February 1st and August 1st of each calendar year, commencing on the "Closing Date", and continuing on each February 1 and August 1 thereafter up to and including February 1, 2016. Buyer shall receive a credit against each installment equal to the amount of fixed base rent and/or percentage rent paid by "Bullock's" to Seller under the "Bullock's Sublease" since the date of the prior installment, or for the first such installment, since the "Bullock's Effective Date", as that term is defined in the Bullock's Sublease (but excluding, however, any amounts received from Bullock's which are not in the nature of rent, including, but not limited to, so-called "triple-net" reimbursements of common area maintenance costs, taxes and insurance, security deposits, and prepaid rent (until applied), whether or not any of the foregoing shall be characterized as



"rent" or "additional rent" in the Bullock's Sublease), but in no event less than \$1,300,000 for each year (whether or not Bullock's or any successor tenant of the Bullock's Store has paid rent); provided, however, that if the number of days from the Closing Date through the first two installments, inclusive, shall be less than 360, then said \$1,300,000 amount shall be prorated based on a fraction, the numerator of which is the number of days from the Closing Date through the two such installments, inclusive, and the denominator of which is 360.

5. Each payment shall be credited first to interest due and the remainder to principal and interest shall thereupon cease upon the principal so credited. Buyer shall have the right to prepay the Loan, in whole or in part, without premium, at any time.

6. Each payment is due without demand, notice, setoff or counterclaim; provided, however, in the event Seller shall be in default (beyond applicable notice and cure periods) of its obligation to pay any amounts due Buyer under Sections 3.1 or 3.2 of the "Site Lease" when due, Buyer may, at its option, offset any amount due to Seller hereunder against such delinquent payments under the Site Lease in lieu of payment to Seller of the amount offset. In the event default (beyond applicable notice and cure periods) be made in the payment of any of the installments hereunder when due, Seller may, at its option, offset any amount due Buyer under Sections 3.1 or 3.2 of the Site Lease against such delinquent payments hereunder in lieu of payment to Buyer of the amount so offset.

7. The undersigned acknowledges that late payments of principal and interest will cause Seller to incur costs not contemplated by the Agreement or this Note, the exact amount of which is extremely difficult and impracticable to ascertain. Such costs include, without limitation, processing and accounting charges and late charges that may be imposed on Seller by virtue of Seller's debt obligations. Accordingly, if the undersigned fails to make any payment hereunder within fifteen (15) days after such payment is due, the undersigned shall promptly pay a late charge equal to four percent (4%) of such delinquent payment and the delinquent payment shall thereafter bear interest at the Applicable Rate, until paid; provided, however, that said late charge shall not apply to the Loan in the event such failure to pay the full amount due results from a Shortfall. Except as set forth hereinbelow, and without limitation on Seller's offset rights set forth above, Seller's sole remedy in the event of default under this Note shall be an action at law for due but unpaid principal and due



but unpaid accrued interest plus the four percent (4%) late charge, if applicable. Without limitation on the foregoing, Seller may also accelerate this Note in the event Buyer fails to make any payment hereunder within thirty (30) days after receipt of written notice that the same has become due, unless (i) such failure results from a Shortfall, or (ii) Buyer within thirty (30) days of receipt of such written notice contests the amount of any installment payable hereunder by notifying Seller in writing of the amount in dispute and the reasons therefor, provided Buyer pays to Seller within such thirty (30) day period the portion of such installment not in dispute plus any applicable late charge. In the event such contest results in a final unappealable determination unfavorable to Buyer, Buyer shall pay the amount due to Seller within thirty (30) days following the date of such determination; failure of Buyer to make such payment within such period shall entitle Seller to enforce all of its rights at law or in equity (including but not limited to, acceleration of this Note). Notwithstanding anything herein or in the Agreement to the contrary, this Note and the obligation of Buyer hereunder shall not be accelerated except as set forth herein.

8. Seller may pledge or assign its rights under this Note to any lender described in Section 302.3(i) of the "DDA".

9. Payments under this Note are payable, in lawful money of the United States, at the principal office of the Seller, 3500 Sepulveda Boulevard, P.O. Box 10010, Manhattan Beach, California 90266, or at such other place as the holder hereof may inform Buyer in writing.

10. Nothing contained in this Note shall be deemed to require the payment of interest by Buyer in excess of the amount which Seller may lawfully charge under applicable usury laws. In the event that the interest provided herein shall exceed such lawful charge, then the amount of interest payable hereunder by Buyer shall be reduced to the maximum amount of such lawful charge.

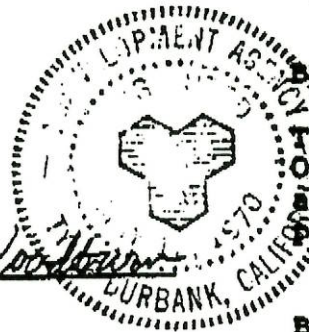
11. Notice of presentment, demand, protest, notices of protest, dishonor and non-payment of this Note, and all notices of every kind (except as expressly set forth in paragraph 7 hereof) are hereby waived by Buyer. This note is executed and delivered in the State of California and shall be governed and construed in accordance with the laws of the State of California. If this Note is not paid when due, whether at maturity or by acceleration, Buyer promises to pay all reasonable costs of collection, including, without limitation,

reasonable attorneys' fees, if no suit is filed hereon. If suit is filed hereon, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees.

12. Time is of the essence of this Note. However, if any payment on this Note becomes due and payable on a Saturday, Sunday or other day on which commercial banks in the State of California are authorized or required by law to close, the maturity thereof shall be extended to the next succeeding business day, and such extension of time shall be included in computing interest in connection with such payment.

ATTEST:

Merle L. Woodburn  
Secretary



BUYER:

THE REDEVELOPMENT AGENCY  
OF THE CITY OF BURBANK,  
a public body, corporate and  
politic

By

Norm E. J. R.  
Chairman

APPROVED AS TO FORM:

[Signature]  
Agency General Counsel



